

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY CAIRO

C O N F I D E N T I A L STATE 068030

E.O. 11652:GDS

TAGS:

SUBJECT: EGYPTIAN REQUEST FOR HELP IN PURCHASING
FERTILIZER

REF: STATE 057733

1. IN ORDER THAT AMBASSADOR MAY HAVE CURRENT INFORMATION
AS FOLLOW-UP TO REFTEL; WE SUBMIT THE FOLLOWING BACK
GROUND DATA FROM TRADE SOURCES. FYI. THE DATA RE
AMMONIUM SULFATE CONTAINED HEREIN COMES FROM KAISER
TRADING WHICH TRADITIONALLY SELLS TO FAHMY'S BROTHER;
INASMUCH AS IT REPRESENTS A SELLER'S VIEWPOINT, IT MAY
BE SOMEWHAT BIASED. TRADE SOURCE MUST BE PROTECTED. END
FYI.

2. REFTEL PARA 1, MENTIONS A HOPED FOR AVAILABILITY OF
AMMONIUM NITRATE, DECISION WITHIN TWO OR THREE WEEKS
U.S. SUPPLIER NEGOTIATING TO OBTAIN FROM CANADA BUT, AS
YET, HAS BEEN UNABLE WORK OUT DETAILS; WILL CONTINUE TO
FOLLOW

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3. REFTTEL PARA 2. TRANSACTION INVOLVING UREA VIA UNIFORT BEIRUT WAS COMPLETED ON BASIS OF 10,000 METRIC TONS (3,000 POLISH AND 7,000 WESTERN EUROPEAN) OF BAGGED UREA AT DOLS 343 C AND F.

4. REFTTEL PARA 2. THE 10,000 METRIC TONS OF AMMONIUM SULFATE OF EUROPEAN ORIGIN FOR APRIL SHIPMENT WAS NOT ACCEPTED BY EGYPTIAN IMPORTERS; IT WAS THEN OFFERED AND SOLD TO BRAZILIANS AT APPROXIMATELY DOLS 3 MORE PER TON ON F.O.B. BASIS.

5. REFTTEL PARA 2. WE REPORTED ON MARCH 22 THAT 100,000 METRIC TONS OF BULK AMMONIUM SULFATE HAD BEEN OFFERED BY U.S. SUPPLIER FROM ITALY FOR DELIVERY OVER THE NEXT YEAR AT DOLS 153 PER TON C AND F. THIS OFFER HAD BEEN FIRM, BUT EGYPTIAN IMPORTER PERMITTED IT TO EXPIRE MARCH 31. NOW, AT SELLER'S OPTION, THE OFFER IS BEING KEPT OPEN TO EGYPTIAN IMPORTER UNTIL APRIL 15, 1974.

6. WE CAN ONLY SPECULATE AS TO WHY IMPORTERS ARE RELUCTANT TO ACCEPT THE ABOVE-NOTED OFFERS OF AMMONIUM SULFATE BUT SUBMIT SEVERAL POSSIBILITIES AS BACKGROUND INFORMATION. THE UNIFORT UREA PRICE AT DOLS 343 A TON, IF CONVERTED ON A NITROGEN CONTENT BASIS TO AMMONIUM SULFATE, WOULD MAKE THE LATTER WORTH ABOUT DOLS 146 A METRIC TON AS COMPARED TO THE DOLS 153 OFFERED. FURTHERMORE, THE EGYPTIANS ARE PRESENTLY RECEIVING DELIVERIES OF AMMONIUM SULFATE UNDER CONTRACTS MADE EARLIER WITH EUROPEAN NITROGEN PRODUCERS, AT A DELIVERED PRICE OF AROUND DOLS 135; AGAIN EGYPTIANS MAY HAVE TROUBLE ADJUSTING THEIR THINKING TO THE CURRENT MARKET SITUATION. FINALLY, IF THE EGYPTIAN TRADERS ARE BEING SUBJECTED TO THE MARKET PRACTICES WHICH WE ARE NOW ENCOUNTERING BOTH IN THE U.S. AND IN INDO-CHINA AND SOUTH ASIA, THEY ARE PROBABLY RECEIVING OFFERS FROM AD HOC TRADERS, WITH UNVERIFIED SOURCES OF SUPPLY AND WITH GRANDIOSE PROMISES OF LOWER PRICES, BOTH OF WHICH USUALLY TURN OUT TO BE ILLUSORY.

7. CONSIDERING THE EFFORTS BEING MADE BY AMERICAN
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COMPANIES TO RESPOND TO EGYPT'S NEEDS, IT WOULD BE MOST UNFORTUNATE IF OPPORTUNITIES FOR FERTILIZER PURCHASES WERE LOST BECAUSE OF A FAILURE OF EGYPTIAN IMPORTERS TO UNDERSTAND THE POINTS MADE IN PARA 3 OF REFTTEL. RUSH

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